

**Township of Eagle
Clinton County, Michigan**

FINANCIAL STATEMENTS

March 31, 2008

Township of Eagle
Clinton County, Michigan
March 31, 2008
BOARD OF TRUSTEES

David Morris	Supervisor
Wendy Simmons	Clerk
Patti Schafer	Treasurer
Steve Colby	Trustee
Mark Therrian	Trustee

Township of Eagle
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March 31, 2008

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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Township of Eagle
Eagle, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Eagle, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Eagle's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Eagle, Michigan, as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Eagle's financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 25, 2008

Township of Eagle

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2008

Financial Reporting

The standards set by the Governmental Accounting Standards Board (GASB) are intended to give the reader of this annual financial report a better understanding of the financial status of the Township of Eagle, Michigan (the Township). This report presents a much broader picture of the Township's financial status. Through this comprehensive reporting of assets and liabilities, the reader should have a greater understanding of the Township's financial health.

The discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008:

- Property tax revenues increased approx. \$21,000 (\$14,000 Emergency Services/\$7,000 General)
- In April 2006, the Township contracted with Randy Jewell for assessing services through March 2010.
- Eagle Township switched from The City of Portland Ambulance to The Grand Ledge Area Emergency Service Authority for transport services. The new Ambulance Service Agreement states that Eagle Township will not be charged for any services and that all fees will be charged to the patient's insurance company or the patient directly in cases of no insurance coverage. We have seen a savings in the Emergency Services Fund of over \$22,900 in this 1st year.
- The Looking Glass Regional Fire Authority has returned unrestricted funds to the township of approx. \$11,300 from fiscal year ending December 31, 2007, which was returned to the Emergency Services Fund.
- Eagle Township paid 35% of the installation for an emergency signal at The Looking Glass Regional Fire Department for approx \$10,850, which came out of the Emergency Services Fund.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township of Eagle as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Township of Eagle in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

Township of Eagle

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2008

The Township as a Whole

The following table shows, in a condensed format, the net assets as of March 31, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets		
Current and other assets	\$ 1,055,125	\$ 995,333
Capital assets, net	<u>360</u>	<u>2,671</u>
Total assets	1,055,485	998,004
Liabilities		
Current liabilities	\$ 164,007	\$ 83,747
Long-term liabilities	<u>191,252</u>	<u>339,655</u>
Total liabilities	<u>355,259</u>	<u>423,402</u>
Net Assets		
Invested in capital assets, Net of related debt	238,208	217,846
Unrestricted	<u>462,018</u>	<u>356,756</u>
Total net assets	<u>\$ 700,226</u>	<u>\$ 574,602</u>

The Township's total net assets were \$700,226 at March 31, 2008, an increase of approximately 21.5% from a year ago. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) increased by \$105,622 to \$462,378 at the end of the fiscal year. The net asset invested in capital assets, net of related debt increased \$20,002 to \$237,848 at the end of the fiscal year. The current level of unrestricted net assets for governmental activities stands at approximately 105% of annual expenses.

The following table shows the changes in net assets during the current year.

	<u>2008</u>	<u>2007</u>
Revenue		
Charges for services	\$ 66,900	\$ 70,257
Operating grants and contributions	5,296	4,832
Property taxes	315,738	294,365
State shared revenue	151,315	150,547
Investment earnings	16,579	15,593
Other revenue	<u>7,486</u>	<u>28,778</u>
Total Revenue	563,314	564,372
Expenses		
General government	140,928	202,966
Public safety	214,236	192,426
Public works	70,476	40,011
Health and welfare	-	22,935
Interest on long-term liabilities	<u>12,050</u>	<u>13,893</u>
Total program expenses	<u>437,690</u>	<u>472,231</u>
Change in Net Assets	<u>\$ 125,624</u>	<u>\$ 92,141</u>

Township of Eagle

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2008

Governmental Activities

The Township's governmental revenues totaled \$563,314 with the greatest revenue source being property taxes. Property taxes make up approximately 56% of total governmental revenue. Over the past year, state shared revenue has increased.

The Township incurred expenses of \$437,690 during the year. The majority of governmental expense is associated with the public safety function and represents approximately 48% of total expenses. The public safety function includes fire services.

The Township's Funds

The analysis of the Township's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township of Eagle as a whole. The Township of Eagle's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages. The Township's major funds for the fiscal year ended March 31, 2008 include the General Fund and the Emergency Services Fund.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. The Township's expenditures were \$55,361 under budgeted expenditures and revenues were \$55,520 over budgeted revenues.

Capital Asset and Debt Administration

At the end of the fiscal year, the Township had approximately \$593,000 invested in a broad range of capital assets, including buildings, land, equipment, and capital assets held by the Looking Glass Regional Fire Authority, a joint venture that the Township of Eagle participates in with the Charter Township of Watertown. In addition, the Township has made certain investments in roads and drains within the Township of Eagle. These assets are not reported in the Township of Eagle's fund statements, because under Michigan law, these roads and drains are the property of the Clinton County Road and Drain Commissions, respectively.

The Township had two notes payable outstanding at the end of the fiscal year, the proceeds of which were used to finance a portion of the Looking Glass Regional Fire Authority capital project. During the year, principal payments reduced the total outstanding balance by approximately \$57,000. The remaining notes payable totaled \$339,804 as of March 31, 2008.

Current Economic Factors

Revenue sharing is a significant budgetary concern at this time. The State of Michigan is experiencing financial issues, and as they look for solutions, revenue sharing continues to be under attack. The other is the current property tax base as the State Equalized Values are currently dropping to mirror the current market as well as the taxable values are seeing a smaller increase than in the past.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer.

BASIC FINANCIAL STATEMENTS

Township of Eagle
STATEMENT OF NET ASSETS
March 31, 2008

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 402,885
Accounts receivable	5,629
Due from other governmental units -	
Local	26,205
State	23,777
Prepaid expenses	3,585
Total current assets	462,081
Noncurrent assets	
Equity interest in Looking Glass Regional Fire Authority	593,044
Capital assets, net	360
Total noncurrent assets	593,404
TOTAL ASSETS	1,055,485
LIABILITIES	
Current liabilities	
Accounts payable	13,766
Other accrued liabilities	846
Accrued interest payable	843
Current portion of long-term debt	148,552
Total current liabilities	164,007
Noncurrent liabilities	
Noncurrent portion of long-term debt	191,252
TOTAL LIABILITIES	355,259
NET ASSETS	
Invested in capital assets, net of related debt	238,208
Unrestricted	462,018
TOTAL NET ASSETS	\$ 700,226

See accompanying notes to financial statements.

Township of Eagle
STATEMENT OF ACTIVITIES
Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 140,928	\$ 38,521	\$ -	\$ (102,407)
Public safety	214,236	1,184	27,195	(185,857)
Public works	70,476	-	5,296	(65,180)
Interest on long-term debt	12,050	-	-	(12,050)
Total governmental activities	<u>\$ 437,690</u>	<u>\$ 39,705</u>	<u>\$ 32,491</u>	(365,494)
General revenues:				
Property taxes				315,738
State shared revenue				151,315
Investment earnings				16,579
Other				<u>7,486</u>
Total general revenues				<u>491,118</u>
Change in net assets				125,624
Net assets, beginning of the year				<u>574,602</u>
Net assets, end of the year				<u>\$ 700,226</u>

See accompanying notes to financial statements.

Township of Eagle

GOVERNMENTAL FUNDS BALANCE SHEET

March 31, 2008

	General	Emergency Services	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 153,502	\$ 232,988	\$ 16,395	\$ 402,885
Accounts receivable	4,629	1,000	-	5,629
Prepaid expenditures	3,585	-	-	3,585
Due from other governmental units -				
Local	10,969	15,223	13	26,205
State	23,777	-	-	23,777
TOTAL ASSETS	\$ 196,462	\$ 249,211	\$ 16,408	\$ 462,081
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 13,766	\$ -	\$ -	\$ 13,766
Other accrued liabilities	846	-	-	846
TOTAL LIABILITIES	14,612	-0-	-0-	14,612
FUND BALANCES				
Reserved for:				
Prepaid expenditures	3,585	-	-	3,585
Unreserved				
Undesignated, reported in:				
General fund	178,265	-	-	178,265
Special revenue funds	-	249,211	3,615	252,826
Permanent fund	-	-	12,793	12,793
TOTAL FUND BALANCES	181,850	249,211	16,408	447,469
TOTAL LIABILITIES AND FUND BALANCES	\$ 196,462	\$ 249,211	\$ 16,408	\$ 462,081

See accompanying notes to financial statements.

Township of Eagle

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

March 31, 2008

Total fund balances - governmental funds \$ 447,469

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 90,357
Accumulated depreciation is	<u>(89,997)</u>

Capital assets, net	360
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Equity interest in the Looking Glass Regional Fire Authority is not current financial resource and therefore is not reported as an asset in the governmental funds.	593,044
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Long-term liabilities are not due and payable in the current period and
therefore are not reported in the Governmental Funds Balance Sheet.
Long-term liabilities at year-end consist of:

Direct Township obligations	(339,804)
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Long-term liabilities are not due and payable in the current period and
therefore are not reported in the Governmental Funds Balance Sheet.
Long-term liabilities at year-end consist of:

Accrued interest payable	<u>(843)</u>
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Net assets of governmental activities	<u><u>\$ 700,226</u></u>
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See accompanying notes to financial statements.

Township of Eagle

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2008

	General	Emergency Services	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 138,033	\$ 197,007	\$ 13,439	\$ 348,479
Licenses and permits	2,630	-	-	2,630
Intergovernmental	151,315	-	5,296	156,611
Charges for services	450	1,184	-	1,634
Interest and rents	13,034	5,968	277	19,279
Other	7,486	27,195	-	34,681
TOTAL REVENUES	312,948	231,354	19,012	563,314
EXPENDITURES				
Current				
General government	103,091	-	-	103,091
Public safety	3,645	176,195	-	179,840
Public works	50,994	-	19,482	70,476
Other	35,526	-	-	35,526
Debt service	69,636	-	-	69,636
TOTAL EXPENDITURES	262,892	176,195	19,482	458,569
NET CHANGE IN FUND BALANCES	50,056	55,159	(470)	104,745
Fund balances, beginning of year	131,794	194,052	16,878	342,724
Fund balances, end of year	\$ 181,850	\$ 249,211	\$ 16,408	\$ 447,469

See accompanying notes to financial statements.

Township of Eagle

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

Net change in fund balances - total governmental funds \$ 104,745

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense (2,311)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Debt principal retirement 57,434

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Decrease) in equity interest in Looking Glass Regional Fire Authority	\$ (34,396)	
Decrease in accrued interest payable	<u>152</u>	
		<u>(34,244)</u>

Change in net assets of governmental activities \$ 125,624

See accompanying notes to financial statements.

Township of Eagle

Fiduciary Funds

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2008

	<u>Current Tax</u>
ASSETS	
Cash	<u>\$ 1,285</u>
LIABILITIES	
Due to individuals and agencies	<u>\$ 1,285</u>

See accompanying notes to financial statements.

Township of Eagle

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eagle Township, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Clinton County. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and two trustees, and provides services to its residents in many areas including fire protection, roads, and planning.

The financial statements of the Township have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to Township governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present all financial activities of the Township of Eagle. The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of Eagle Township contain all the funds controlled by the Township Board.

2. Joint Venture

Looking Glass Regional Fire Authority (the Authority) was established by the Township of Eagle and the Charter Township of Watertown. The Authority was incorporated in October 2001, under the provisions of Act 7, Public Acts of 1967, known as the Urban Cooperation Act of 1967. The Authority is governed by a board composed of the residents of each of the constituent Townships. The Authority was formed to operate, maintain, administer, and manage a joint fire department for the benefit of constituent municipalities. The Township of Eagle currently is represented by three (3) of the six (6) members of the Authority board. The Township of Eagle's equity interest in the Authority was \$593,044.

The members of the Authority and percentage of responsibility are as follows:

Eagle Township	35%
Watertown Township	65%

Financial statements of the Authority can be received from the Authority's administrative office.

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the Township as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). Interfund activity has been eliminated in the preparation of these statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - continued

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Emergency Services Fund is used to report emergency services that are financed primarily by property taxes or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management and control, or other purposes.

4. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

5. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Township of Eagle

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Cash and Cash Equivalents

Cash and cash equivalents consist of checking and savings accounts.

7. Property Tax

The Township of Eagle bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied twice per year. A summer tax is levied on July 1 and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Clinton County Treasurer on March 1 of the year following the levy. The Clinton County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1 per \$1,000 of assessed valuation for general governmental services and additional amounts for emergency services operations. For the year ended March 31, 2008 the Township levied 0.99850 and 2.0000 mills per \$1,000 of assessed valuation for general governmental services and emergency services, respectively. The total taxable value for the 2007 levy for property within the Township was \$102,462,359.

8. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and State shared revenues and accounts receivable related to charges for services.

9. Capital Assets

Capital assets include buildings and equipment and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities column. Capital assets are those with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	3 - 20 years

10. Budgets and Budgetary Accounting

The General Fund and major Special Revenue Fund budgets shown as required supplementary information to the financial statements were prepared on a basis consistent with the basis used to reflect actual results.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Budgets and Budgetary Accounting - continued

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to April 1, the budget is legally adopted on a departmental (activity) level for the General Fund through passage of a Board resolution. After the budget is adopted all transfers of budgeted amounts between activities, or any revisions that alter the total expenditures of the fund or activity, must be approved by the Township Board.
- b. Formal budgetary integration is employed as a management control device during the year.
- c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at March are not carried forward to the following fiscal year.
- d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

11. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the General Fund for a payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

12. Comparative Data

Comparative data for the year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

NOTE B: CASH AND CASH EQUIVALENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

Township of Eagle

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED

3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

The Township's cash and cash equivalents at March 31, 2008, are composed of the following:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking and savings accounts	\$ 404,170	\$ 412,035

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2008, the Township accounts were insured by the FDIC for \$138,857, and the amount of \$273,178 was uninsured.

Due to significantly higher cash flows at certain periods during the year, the amount the Township held as cash increased significantly. As a result, the amount of uninsured and uncollateralized cash was substantially higher at these peak periods than at year end.

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of March 31, 2008, the Township did not have any investments that would be subject to rating.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Township of Eagle
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by designing its portfolio so that the investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Custodial credit risk

The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Board and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business in accordance with Board approved policy.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 was as follows:

	Balance <u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31, 2008</u>
Governmental activities				
Buildings	\$ 73,863	\$ -	\$ -	\$ 73,863
Equipment	<u>16,494</u>	<u>-</u>	<u>-</u>	<u>16,494</u>
Totals at historical cost	90,357	-0-	-0-	90,357
Less accumulated depreciation for:				
Buildings	(73,863)	-	-	(73,863)
Equipment	<u>(13,823)</u>	<u>(2,311)</u>	<u>-</u>	<u>(16,134)</u>
Total accumulated depreciation	<u>(87,686)</u>	<u>(2,311)</u>	<u>-0-</u>	<u>(89,997)</u>
Capital assets, net	<u>\$ 2,671</u>	<u>\$ (2,311)</u>	<u>\$ -0-</u>	<u>\$ 360</u>

Depreciation expense of \$2,311 was included on the statement of activities under the "general government" function.

NOTE D: LONG-TERM DEBT

The following is a summary of changes in long term debt (including current portion) of the Township for the year ended March 31, 2008:

	Balance <u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31, 2008</u>	Amounts Due Within <u>One Year</u>
PRIMARY GOVERNMENT					
Governmental activities					
Notes payable	<u>\$ 397,238</u>	<u>\$ -</u>	<u>\$ 57,434</u>	<u>\$ 339,804</u>	<u>\$ 148,552</u>

Township of Eagle
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE D: LONG-TERM DEBT - CONTINUED

Significant details regarding outstanding long-term debt (including current portions) are presented below:

The Members of the Township Board of the Township of Eagle are party to two (2) long-term debt loan agreements. The proceeds of these promissory notes were used to finance thirty-five percent of the costs of a Looking Glass Regional Fire Authority capital project.

Notes payable at March 31, 2008 for the governmental activities are as follows:

\$500,000 Capital Project note payable dated September 1, 2002, due in monthly installments ranging from \$4,233 to \$4,901 through August 29, 2012, with interest of 3.375 percent.	\$ 242,796
\$130,000 Capital Project note payable dated August 12, 2003, due in monthly installments ranging from \$661 to \$668 through August 10, 2008, with interest of 2.81 percent. A balloon payment of \$93,711 is due at maturity.	<u>97,008</u>
	<u>\$ 339,804</u>

The annual requirements to pay the debt principal and interest outstanding for the notes payable are as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 148,552	\$ 8,845	\$ 157,397
2010	53,237	5,744	58,981
2011	55,061	3,920	58,981
2012	56,949	2,032	58,981
2013	<u>26,005</u>	<u>288</u>	<u>26,293</u>
	<u>\$ 339,804</u>	<u>\$ 20,829</u>	<u>\$ 360,633</u>

NOTE E: RETIREMENT PLAN

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on the investments of those contributions. The Eagle Township Pension Plan is administered by The Manufacturers Life Insurance Company.

The Township is required to contribute \$200 per \$1,000 of compensation paid for all eligible employees. Contributions to the pension plan by the Township for the year ended March 31, 2008, were \$11,400.

Township of Eagle

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE F: RISK MANAGEMENT

The Township is exposed to various risks of loss for workers' compensation for which the Township carries commercial insurance.

The Township also participates in a pool, the Michigan Township Participating Plan, with other municipalities for property, liability, wrongful acts, auto, crime, in-land marine, and bonding losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

NOTE G: FUND EQUITY RESERVES

Reserved fund balance is used to earmark a portion of fund equity to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use.

The following is the fund balance reserve as of March 31, 2008:

General Fund	
Reserved for:	
Prepaid expenditures	<u>\$ 3,585</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Eagle

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES

Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes				
Current and delinquent property taxes	\$ 96,298	\$ 96,298	\$ 105,089	\$ 8,791
Trailer tax	200	200	203	3
Administrative fee	20,630	20,630	32,741	12,111
Total taxes	117,128	117,128	138,033	20,905
Licenses and permits				
Franchise fees	1,000	1,000	2,630	1,630
Intergovernmental - State				
State shared revenue	130,000	130,000	151,315	21,315
Charges for services				
Land division	600	600	450	(150)
Interest and rents				
Interest	6,000	6,000	10,334	4,334
Rents	1,600	1,600	2,700	1,100
Total interest and rents	7,600	7,600	13,034	5,434
Other				
Refunds and reimbursements	1,000	1,000	2,438	1,438
Miscellaneous	100	100	5,048	4,948
Total other	1,100	1,100	7,486	6,386
TOTAL REVENUES	\$ 257,428	\$ 257,428	\$ 312,948	\$ 55,520

Township of Eagle

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES BY ACTIVITY

Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current				
General government				
Legislative	\$ 17,700	\$ 18,050	\$ 13,810	\$ 4,240
Supervisor	15,500	15,501	14,000	1,501
Assessor	18,500	18,770	18,770	-0-
Clerk	18,500	18,501	18,500	1
Board of review	820	820	548	272
Treasurer	16,500	16,500	16,500	-0-
Township hall	9,900	12,030	8,488	3,542
Elections	6,000	6,000	2,057	3,943
Cemetery	5,000	10,420	10,418	2
Total general government	108,420	116,592	103,091	13,501
Public safety				
Emergency management	22,000	22,000	3,645	18,355
Planning commission	433	433	-	433
Total public safety	22,433	22,433	3,645	18,788
Public works				
Highways and streets	76,000	58,402	46,077	12,325
Drain at large	6,000	6,000	4,917	1,083
Total public works	82,000	64,402	50,994	13,408
Other	31,100	40,526	35,526	5,000
Debt service				
Principal	60,000	60,000	57,459	2,541
Interest	14,300	14,300	12,177	2,123
Total debt service	74,300	74,300	69,636	4,664
TOTAL EXPENDITURES	\$ 318,253	\$ 318,253	\$ 262,892	\$ 55,361

Township of Eagle

Emergency Services Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 183,669	\$ 183,669	\$ 197,007	\$ 13,338
Charges for services	-	-	1,184	1,184
Interest and rents	700	400	5,968	5,568
Other				
Reimbursements	15,000	15,000	27,195	12,195
TOTAL REVENUES	199,369	199,069	231,354	32,285
EXPENDITURES				
Current				
Public safety				
Fire services	143,750	176,950	176,195	755
NET CHANGE IN FUND BALANCE	55,619	22,119	55,159	33,040
Fund balance, beginning of year	194,052	194,052	194,052	-0-
Fund balance, end of year	<u>\$ 249,671</u>	<u>\$ 216,171</u>	<u>\$ 249,211</u>	<u>\$ 33,040</u>

OTHER SUPPLEMENTARY INFORMATION

Township of Eagle
Nonmajor Governmental Funds
COMBINING BALANCE SHEET

March 31, 2008

	Street Lights	Special Revenue Rural Recycling	METRO Act	Permanent Niles Cemetery
ASSETS				
Cash	\$ 3,602	\$ -	\$ -	\$ 12,793
Due from other governmental units - local	13	-	-	-
TOTAL ASSETS	<u>\$ 3,615</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 12,793</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Unreserved				
Undesignated, reported in:				
Special revenue funds	3,615	-	-	-
Permanent fund	-	-	-	12,793
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,615</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 12,793</u>

Total
Nonmajor
Governmental
Funds

\$ 16,395
13

\$ 16,408

\$ -0-

3,615
12,793

\$ 16,408

Township of Eagle

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended March 31, 2008

	Street Lights	Special Revenue Rural Recycling	METRO Act	Permanent Niles Cemetery
REVENUES				
Taxes	\$ 1,307	\$ 12,132	\$ -	\$ -
Intergovernmental - State	-	-	5,296	-
Interest	70	-	11	196
TOTAL REVENUES	1,377	12,132	5,307	196
EXPENDITURES				
Current				
Public works	2,043	12,132	5,307	-
NET CHANGE IN FUND BALANCES	(666)	-0-	-0-	196
Fund balances, beginning of year	4,281	-	-	12,597
Fund balances, end of year	\$ 3,615	\$ -0-	\$ -0-	\$ 12,793

Total Nonmajor Governmental Funds	
<hr/>	
\$	13,439
	5,296
	277
<hr/>	
	19,012
	19,482
<hr/>	
	(470)
	16,878
<hr/>	
\$	16,408
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